

# **TENNESSEE LOCAL DEVELOPMENT AUTHORITY**

**July 14, 2016**

The Tennessee Local Development Authority (the “Authority” or “TLDA”) met on Thursday, July 14, 2016, at 10:00 a.m. in the Legislative Plaza, room LP-29, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided as Vice-Chair.

The following members were also present:

The Honorable Justin Wilson, Comptroller of the Treasury  
The Honorable David Lillard, State Treasurer  
Angela Scott, Proxy for Commissioner Larry Martin, Department of Finance and Administration

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and as posted in the meeting notice:

Mr. Pat Wolfe, Senate Appointee

The following members were absent:

The Honorable Bill Haslam, Governor  
Dr. Kenneth Moore, House Appointee

Recognizing a physical quorum present, Mr. Hargett called the meeting to order and performed a roll-call:

Mr. Wolfe—Present  
Ms. Scott—Present  
Mr. Wilson—Present  
Mr. Lillard—Present  
Mr. Hargett—Present

Mr. Hargett asked for a motion to approve the minutes of June 9, 2016. Mr. Wilson made a motion to approve the minutes, and Mr. Lillard seconded the motion. Mr. Hargett performed a roll-call vote:

Mr. Wolfe—Yes  
Ms. Scott—Yes  
Mr. Lillard—Yes  
Mr. Wilson—Yes  
Mr. Hargett—Yes

The minutes were unanimously approved.

Mr. Hargett recognized Ms. Alexa Voytek from the Tennessee Department of Environment and Conservation’s (TDEC) Office of Energy Programs (OEP) to present an update on the Qualified Energy Conservation Bond (QECB) program. Ms. Voytek proceeded with the update:

## **City of Clarksville**

The City is utilizing its Large Local Jurisdiction (LLJ) allocation for a street lighting improvement project. This issuance closed on March 23, 2016, and the project is underway. The City of Clarksville issued only \$1,240,000 of its \$1,241,344 QECB allocation and decided to reallocate the difference of \$1,344 back to the State on June 10, 2016. This has resulted in a revised total that is available for suballocation. The new

total is \$26,936,095 and is reflected in document titled QECB Update – Total State Allocation June 2016 that was included in the meeting materials.

### **Memphis Green Communities Program**

- **Crosstown Concourse:**  
Bonds in the amount of \$8,316,000 were issued on February 18, 2015 for the Crosstown Concourse project. To date, Crosstown Building Owner LLC has successfully drawn down \$7,715,105.57 in QECB proceeds from Regions Bank (serving as Trustee) over 11 draw requests. Draw requests are accompanied by a Buy American certification and statement of energy conservation to ensure compliance. As of March 22, 2016, Crosstown is approximately 81% complete with work associated with QECBs. HVAC, building cooling towers, exhaust fans and ventilation, and boilers and flues are complete. Work remains on windows and interior lighting.
- **Knowledge Quest:**  
Bonds in the amount of \$340,700 were issued on April 29, 2015 for the Knowledge Quest project. To date, Knowledge Quest has successfully drawn down \$198,232.86 in QECB proceeds from Regions Bank (serving as Trustee) over eight draw requests. Draw requests are accompanied by a Buy American certification and statement of energy conservation to ensure compliance. As of May 19, 2016, Knowledge Quest has purchased doors, windows, and roofing material for the Green Leaf Apartments building. Windows and doors have been installed and related roof work is in process. The contractor has begun the work of preparing the structure for upgrades to plumbing and electrical work.
- **Universal Life Insurance Building:**  
Bonds in the amount of \$2,015,300 were issued on April 29, 2015 to Self Tucker Properties, LLC for the Universal Life Insurance Building project. To date, Self Tucker Properties, LLC has successfully drawn down \$215,701.04 in QECB proceeds in one draw request from Regions Bank (serving as Trustee). Draw requests are accompanied by a Buy American certification and statement of energy conservation to ensure compliance. To date, HVAC equipment associated with the building renovation for the Universal Life Insurance Building has been installed.

### **Knox County**

OEP had recommended and TLDA had approved a \$12,450,000 suballocation for the installation of solar photovoltaic panels on fourteen (14) targeted sites across the county, notably public school rooftops. Issuance on this project closed on June 30, 2015. At this time, all sites are producing power. Systems are reporting through the DrakeR system, and Knox County is working to schedule training for the team, in order to utilize the data from the DrakeR system for reporting on energy savings.

### **City of Lebanon**

OEP had recommended and TLDA had approved a \$3,500,000 suballocation for the construction and installation of a waste-to-energy gasification unit. The City of Lebanon is working with PHG Energy (PHGE) on this project. Issuance on this project closed on April 24, 2015. As of April 15, 2016, the Planning Commission has approved the project site and the Project Grading Permit has been approved and received. The piping and instrumentation diagram has been finalized and construction is due to start on April 1, 2016. All major equipment has been selected and purchased. PHGE has begun receipt of several pieces of equipment such as: project fans; control valves; instruments and heat exchangers. The major gasifier sections have been constructed and the internal casting completed. The project is expected to be complete by August 2016.

Ms. Voytek stated that to date, no formal proposals had been submitted under the third request for proposals, but OEP continues to receive inquiries from potential applicants. There were no questions or comments. No action was necessary.

Mr. Hargett recognized Ms. Kayla Carr, Assistant Director of the Office of State and Local Finance to discuss revisions made to State Revolving Fund (SRF) loan agreements to be effective for new applicants as of July 1, 2016. (A redline version documenting the pertinent changes to each agreement was included in the meeting materials.) Ms. Carr stated that revisions had been made to the loan agreements for clarification purposes and that these revisions were in line with current practice. She stated that the revisions were made to the loan agreement for tax revenue entities (i.e. towns, cities, and counties). She stated that covenants had been added to section 7 of the loan agreement. This language clarified that tax revenue entities had to receive approval from the Authority in order to issue debt on parity with or senior to SRF debt. Otherwise, such borrowers would only need to notify the Authority of their intent to issue debt. Ms. Carr stated that loan agreements for both tax revenue entities and revenue entities (i.e. utility districts and water/wastewater/energy authorities) included clarifying language for the defined term “Revenues” and also clarified that principal forgiveness is disbursed on a pro-rate basis. Mr. Hargett asked if anyone had questions or comments. There were none.

Mr. Hargett stated that the next item of business was a public hearing and discussion on proposed revisions to current SRF policy and guidance for borrowers. The proposed revised policy and guidance for borrowers was developed in an effort to consolidate and clarify existing policies and guidance and to present this information in a user-friendly manner. Mr. Hargett stated that counsel advised the TLDA to issue a request for public comment for the proposed revised policy and guidance. Mr. Hargett stated that the public comment period will end on August 31, 2016, at 4:30 p.m. central time. He stated that staff to the TLDA had identified several organizations whose membership might be interested in the proposed policy and guidance. Mr. Hargett then directed the Assistant Secretary to send information regarding the proposed policy and guidance to the following organizations identified by staff:

- Tennessee Municipal League
- Tennessee County Services Association
- Tennessee Association of Utility Districts
- Tennessee City Management Association
- County Officials Association of Tennessee
- Tennessee Government Finance Officers Association
- Municipal Technical Advisory Service
- County Technical Assistance Service

Mr. Hargett asked if any member had additional recommendations for potential interested parties. There were none. Mr. Hargett also requested that TDEC send a copy of the proposed policy and guidance to the Environmental Protection Agency, and he directed staff to post notice on both the TLDA’s and TDEC’s websites.

Hearing no further business, Mr. Hargett asked for a motion to adjourn. Mr. Wilson made a motion to adjourn, and Ms. Scott seconded the motion. Mr. Hargett performed a roll-call vote:

Mr. Wolfe—Yes  
 Ms. Scott—Yes  
 Mr. Wilson—Yes  
 Mr. Lillard—Yes  
 Mr. Hargett—Yes

The meeting was adjourned.

Approved on this 11<sup>th</sup> day of August, 2016.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is written in a cursive style with a large, stylized 'S' and 'T'.

Sandra Thompson  
Assistant Secretary